

AMENDED IN ASSEMBLY FEBRUARY 18, 2004

AMENDED IN ASSEMBLY SEPTEMBER 9, 2003

**SENATE BILL**

**No. 1052**

---

---

**Introduced by Committee on Budget and Fiscal Review**

February 27, 2003

---

---

An act to amend Section ~~11621.4 of the Insurance Code, relating to assigned risk plans.~~ 37022 of the Public Resources Code, and to amend Sections 17053.30 and 23630 of the Revenue and Taxation Code, relating to natural resources.

LEGISLATIVE COUNSEL'S DIGEST

SB 1052, as amended, Committee on Budget and Fiscal Review.

~~Insurance: assigned risk plans~~ Natural resources: Natural Heritage Preservation Tax Credit Act of 2000.

*The Natural Heritage Preservation Tax Credit Act of 2000 requires the Wildlife Conservation Board to implement a program under which property, as defined, may be contributed to the state, any local government, as defined, or to any nonprofit organization designated by a local government or the state, based on specified criteria, in order to provide for the protection of wildlife habitat, open space, and agricultural lands.*

*The Personal Income Tax Law and the Bank and Corporation Tax Law authorize a credit against the taxes imposed by those laws in an amount equal to 55% of the fair market value of any qualified contribution, as defined, contributed during the taxable year pursuant to the Natural Heritage Preservation Tax Credit Act of 2000, as provided. The total amount of tax credits that may be awarded in the*

fiscal years 2000–01, 2001–02, 2002–03, 2003–04, and 2004–05 is limited to \$100,000,000, as provided.

Existing law suspends the award of tax credits under the act in the 2002–03 fiscal year and authorizes any amounts that would have been awarded during that time, but for that suspension, to be awarded in the 2003–04 fiscal year and the remainder, if any, in the 2004–05 fiscal year.

This bill would limit the years during which the tax credits may be awarded under the act to the 2000–01 and 2001–02 fiscal years.

~~Existing law provides for the existence of assigned risk plans by which an equitable apportionment among insurers is made of those applicants for automobile liability insurance who are entitled, but unable, to procure that insurance through ordinary methods. Existing law provides that new assigned risk plan assignments to a participating insurer may be suspended or a participating insurer may be relieved of its obligation to renew existing assigned risk policies at expiration when a valid order of suspension is issued by the Insurance Commissioner and the suspension of assignments or policy renewals is approved by the commissioner.~~

~~This bill would make a technical, nonsubstantive change to these provisions.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1   ~~SECTION 1. Section 11621.4 of the Insurance Code is~~  
2   ~~SECTION 1. Section 37022 of the Public Resources Code is~~  
3   ~~amended to read:~~

4   37022. (a) No more than a total of one hundred million  
5   dollars (\$100,000,000) in tax credits may be awarded pursuant to  
6   this division.

7   (b) Tax credits may be awarded pursuant to this division in the  
8   fiscal years 2000–01; ~~and 2001–02, 2002–03, 2003–04, and~~  
9   ~~2004–05. No tax credits may be awarded subsequent to fiscal year~~  
10   ~~2004–05 without further statutory authorization.~~

11   ~~(c) In addition to the limitations in subdivisions (a) and (b), no~~  
12   ~~tax credits may be awarded pursuant to this division between July~~  
13   ~~1, 2002, and June 30, 2003, inclusive. Any amounts that would~~  
14   ~~have been awarded pursuant to this division in the 2002–03 fiscal~~  
15   ~~year, but for the application of the preceding sentence, may be~~

1 ~~awarded in the 2003-04 fiscal year and the remainder, if any, in the~~  
2 ~~2004-05 fiscal year.~~

3 *SEC. 2. Section 17053.30 of the Revenue and Taxation Code*  
4 *is amended to read:*

5 17053.30. (a) There shall be allowed as a credit against the  
6 “net tax,” as defined in Section 17039, an amount equal to 55  
7 percent of the fair market value of any qualified contribution made  
8 on or after January 1, 2000, and prior to December 31, ~~2005~~ 2002,  
9 by the taxpayer during the taxable year to the state, any local  
10 government, or any designated nonprofit organization, pursuant to  
11 Division 28 (commencing with Section 37000) of the Public  
12 Resources Code.

13 (b) For purposes of this section, “qualified contribution”  
14 means a contribution of property, as defined in Section 37002 of  
15 the Public Resources Code, that has been approved for acceptance  
16 by the Wildlife Conservation Board pursuant to Division 28  
17 (commencing with Section 37000) of the Public Resources Code.

18 (c) In the case of any passthrough entity, the fair market value  
19 of any qualified contribution approved for acceptance under  
20 Division 28 (commencing with Section 37000) of the Public  
21 Resources Code shall be passed through to the partners or  
22 shareholders of the passthrough entity in accordance with their  
23 interest in the passthrough entity as of the date of the qualified  
24 contribution. For purposes of this subdivision, the term  
25 “passthrough entity” means any partnership, S corporation, or  
26 limited liability company treated as a partnership.

27 (d) If the credit allowed by this section exceeds the “net tax,”  
28 the excess may be carried over to reduce the “net tax” in the  
29 following year, and the succeeding seven years if necessary, until  
30 the credit is exhausted.

31 (e) This credit shall be in lieu of any other credit or deduction  
32 which the taxpayer may otherwise claim pursuant to this part with  
33 respect to the property or any interest therein that is contributed.

34 *SEC. 3. Section 23630 of the Revenue and Taxation Code is*  
35 *amended to read:*

36 23630. (a) There shall be allowed as a credit against the  
37 “tax,” as defined in Section 23036, an amount equal to 55 percent  
38 of the fair market value of any qualified contribution made on or  
39 after January 1, 2000, and prior to December 31, ~~2005~~ 2002, by  
40 the taxpayer during the taxable year to the state, any local

1 government, or any designated nonprofit organization, pursuant to  
2 Division 28 (commencing with Section 37000) of the Public  
3 Resources Code.

4 (b) For purposes of this section, “qualified contribution”  
5 means a contribution of property, as defined in Section 37002 of  
6 the Public Resources Code, that has been approved for acceptance  
7 by the Wildlife Conservation Board pursuant to Division 28  
8 (commencing with Section 37000) of the Public Resources Code.

9 (c) In the case of any passthrough entity, the fair market value  
10 of any qualified contribution approved for acceptance under  
11 Division 28 (commencing with Section 37000) of the Public  
12 Resources Code shall be passed through to the partners or  
13 shareholders of the passthrough entity in accordance with their  
14 interest in the passthrough entity as of the date of the qualified  
15 contribution. For purposes of this subdivision, the term  
16 “passthrough entity” means any partnership or S corporation.

17 (d) If the credit allowed by this section exceeds the “tax,” the  
18 excess may be carried over to reduce the “tax” in the following  
19 year, and the succeeding seven years if necessary, until the credit  
20 is exhausted.

21 (e) This credit shall be in lieu of any other credit or deduction  
22 that the taxpayer may otherwise claim pursuant to this part with  
23 respect to the property or any interest therein that is contributed.  
24 ~~amended to read:~~

25 ~~11621.4.—(a) New plan assignments to a participating insurer~~  
26 ~~may be suspended or a participating insurer may be relieved of its~~  
27 ~~obligation to renew existing assigned risk policies at expiration~~  
28 ~~when a valid order of suspension is issued by the commissioner~~  
29 ~~and the suspension of assignments or policy renewals is approved~~  
30 ~~by the commissioner. Prior to the approval of a suspension of~~  
31 ~~assignments or policy renewals, the plan’s advisory committee~~  
32 ~~shall advise the commissioner as to whether or not it recommends~~  
33 ~~approval or denial of the suspension.~~

34 ~~(b) If an insurer granted relief pursuant to subdivision (a)~~  
35 ~~resumes writing business in this state, its quota shall reflect the~~  
36 ~~plan assignments it would have received and the assigned risk~~  
37 ~~renewal policies it would have issued during its period of~~  
38 ~~suspension. The required assignment adjustment shall be spread~~  
39 ~~over a period of at least three years, as determined by the~~  
40 ~~commissioner. Prior to determining this assignment adjustment,~~

1 ~~the plan's advisory committee shall advise the commissioner as to~~  
2 ~~whether or not it recommends approval or denial of the~~  
3 ~~adjustment.~~

4 ~~(e) The adjustment of the insurer's quota shall be a percentage~~  
5 ~~of the insurer's under-assignments as determined by the~~  
6 ~~commissioner. Prior to determining this adjustment, the plan's~~  
7 ~~advisory committee shall advise the commissioner as to whether~~  
8 ~~or not it recommends approval or denial of the adjustment. After~~  
9 ~~the approved period of adjustment has expired, the insurer's~~  
10 ~~normal quota will resume unless the insurer shows good cause to~~  
11 ~~and receives approval from the commissioner for extension of the~~  
12 ~~adjustment period. Prior to this approval, the plan's advisory~~  
13 ~~committee shall advise the commissioner as to whether or not it~~  
14 ~~recommends approval or denial of this extension.~~

